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Part 1

**SOVIET BLOC AND WESTERN SUPPORT FOR
ECONOMIC DEVELOPMENT IN INDONESIA**

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Summary and Conclusions

Indonesian trade in 1955 with the Sino-Soviet Bloc, although still a small share of total trade, has shown a sizeable increase over previous years. During the past several years the Bloc countries have made considerable efforts to increase trade and economic relations with Indonesia. These efforts have included the conclusion of trade agreements, the establishment of permanent trade missions, participation in the Djakarta International Trade Fairs and, more recently, offers of technical assistance for Indonesia's economic development. During 1956 the Bloc has intensified its efforts to develop closer relations with Indonesia. In April the Soviet Union made its first concrete proposal to give Indonesia economic assistance for development in all fields. Two agreements providing for Czech assistance were announced the same month. President Sukarno received and accepted invitations to visit the Soviet Union and Communist China. Indonesia also accepted invitations to send a parliamentary mission to the USSR, Poland, Czechoslovakia and Communist China.

To date the Sino-Soviet Bloc has provided Indonesia with known credits totalling approximately \$9.6 million and an estimated \$100,000 in grants. The largest Bloc credit has been an \$8.0 million credit extended by East Germany in 1955 for the construction of a sugar factory. A \$1.6 million credit was extended by Czechoslovakia in 1956. Prior to 1956, Bloc technical assistance had been on a small-scale. It now appears that the Bloc desires to participate in Indonesia's economic development on a large-scale. Current

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offers by the Bloc have closely paralleled the general objectives of Indonesia's Five-Year Economic Development Plan.

The amount of Bloc aid has been small compared with the assistance Indonesia has received from the US. Total US assistance to Indonesia since 1950 has amounted to approximately \$148 million which includes a \$100 million Export-Import Bank credit extended in 1950. An agreement under Public Law 480, signed in March 1956, provides an additional sum of \$77.4 million to be used for economic development purposes.

With Indonesia's economic development severely handicapped by a lack of capital and a shortage of skilled personnel, it is apparent that Indonesia will require appreciable outside assistance if an extensive development program is to be undertaken. The Indonesian Government, in line with its neutralist policy, has indicated its willingness to receive assistance from any source provided it contains no political or military commitments. Indonesia will probably continue to seek a large share of its capital and technical assistance requirements from the Free World, but there is an increasing receptivity to Bloc offers of assistance. If the Bloc countries continue to make offers which conform to Indonesia's needs, an increasing amount of Bloc aid will probably be accepted.

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I. Foreign Trade

Sino-Soviet Bloc trade in 1951-1954, as shown in Table 1, represented an insignificant percentage of Indonesia's total trade. Indonesian trade with the bloc countries in 1955, although still a relatively small share of total trade, showed a sizeable increase over 1954. Indonesian exports to the bloc in 1955 totalled \$33,898,000 (3.6 percent of total exports) compared to exports in 1954 of \$9,082,000 (1.1 percent of total exports). Similarly, Indonesian imports from the bloc in 1955 increased to \$40,366,000 (6.6 percent of total imports) from \$15,333,000 (2.4 percent of total imports) in 1954. 1/ The gradual increase in the volume of trade with the bloc evidenced in the first half of 1955 was somewhat offset by a decrease in the second half, partially attributable to the policy of the Harahap Cabinet which restricted Czech, Polish and Hungarian imports from July to mid-December because of unfavorable trade balances. 2/

Czechoslovakia, Communist China and Hungary are Indonesia's most important bloc trading partners. Rubber, copra, pepper, coffee, cane sugar, and coconut oil are exported to the bloc countries in exchange for light manufactures notably textiles, cement, motorcycles, and machinery.

Of Indonesia's three principal export commodities - rubber, tin and petroleum - only rubber is exported to the bloc, although under the current bloc agreements tin is included on Indonesia's export lists. Even though rubber accounted for approximately 63 percent of total Indonesian exports to

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the Bloc in 1955, ^{RUBBER} exports to the Bloc accounted for only 5.6 percent of total Indonesian rubber exports. In 1956 low rubber exports began to evoke reactions in the Indonesian rubber producing areas. Further alarm was evoked by President Eisenhower's statement to Congress that the US could be self-sufficient in synthetic rubber production within two years. 3/ On 7 June 1956 an Indonesian Cabinet decision to lift the embargo on rubber shipments to Communist China was announced. Although the Bloc provides only a relatively minor market for Indonesian rubber, it is apparent that with a decline in rubber exports Indonesia will be under pressure not only to expand rubber shipments to the Bloc countries but also, with the recent Indonesian cabinet decision, ^{to} take steps to open possibilities for the export of rubber to Communist China. In 1955 the Bloc took significant proportions of certain agricultural products, as follows: coffee, 7.5 percent; copra, 11.4 percent; sugar, 18.8 percent; spices, 38.6 percent and coconut oil, 92.4 percent. 4/

Commodity statistics for the first half of 1955 show that textiles accounted for about half of the Bloc exports to Indonesia, while cement and semi-finished iron and steel accounted for about 10 percent each, with miscellaneous light manufactures making up most of the balance. 5/

Bloc supplies of textiles to Indonesia increased considerably in the first half of 1955. Although they had sold only about \$2 million worth of textiles to Indonesia in 1954 (2.3 percent of total textile imports), they sold over

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\$12 million worth in the first six months of 1955, increasing the Bloc's share of this import market to 18.5 percent (see Table 2). 5/ Indonesia is highly dependent upon external sources for textiles since only 10 percent of her requirements are met by domestic production.

It is worth noting too, that existing American business practices are causing US suppliers to lose out to European exporters in the textile field. 7/ American suppliers refuse to give a firm contract for goods "subject to the issuance of an import license". Local importers in Medan (commercial center in Sumatra) are turning to European firms - Czech, Hungarian, Dutch and West German - which have indicated their willingness to give firm delivery contracts prior to the procurement of an import license (reportedly Czech and Hungarian representatives have been particularly active in this field). Under the Indonesian system of licensing, Indonesian import firms must, when they get an order, get quotations from their suppliers and then apply for an import license at the price and in favor of the company quoted. This process is time-consuming and an import license, once granted, cannot be changed either in terms of price or source. If an American supplier of textiles raises the price of his goods between the time a quotation is given and an import license is secured, the Indonesia importer must apply for a new license with a resultant delay in delivery to local customers.

The Bloc is not limiting its sales in the textile field to textiles alone. Czechoslovakia provided 29.2 percent of Indonesia's imports of

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textile machinery in the first half of 1955. Whereas Czech sewing machines comprised only 0.4 percent of the total imported in 1954, their share increased to 12.5 percent in the first half of 1955.^{8/} Bloc overtures in this field have not come solely from Czechoslovakia. Communist China in 1955 offered to provide equipment for textile mills on a long-term credit basis. ^{9/} East Germany also has made offers of equipment, and following the 1954 Djakarta Trade Fair it donated an automatic weaving machine and two knitting machines to the Textile Research Institute in Bandung. ^{10/}

In view of Indonesia's intended expansion of its textile industry, the Bloc may continue to be an important supplier of equipment. In 1954 Indonesia had 65 textile mills in operation and the industry was equipped with about 95,000 spindles and an estimated 12,000 mechanical looms and 70,000 hand looms. ^{11/} In September 1955, the head of Indonesia's Textile Research Institute, Dr. Safuiri, accepted an invitation to visit a Czech textile machinery exhibit. Before his departure he declared that Indonesia at that time had only 20 percent of its minimum requirements of textile machinery. ^{12/} The potential impact of bloc equipment upon Indonesia's textile industry is therefore significant.

II. Sino-Soviet Trade Promotional Activities

The Sino-Soviet Bloc countries have made considerable efforts in the past several years to promote and increase trade and economic relations with Indonesia. These efforts have included the conclusion of trade agreements, the establishment of permanent trade offices in Djakarta, active

participation in the Djakarta International Trade Fairs, and intensified advertising. In April 1956, soon after the installation of the Ali government, invitations to visit the USSR were issued to President Sukarno and an Indonesian Parliament mission - both of which have been accepted. ^{13/} Shortly after the Soviet invitations were issued, several other Bloc countries, including Communist China, extended invitations to an Indonesian parliamentary delegation.

A. Trade Agreements with Bloc Countries

Indonesia currently (June 1956) has trade agreements with Czechoslovakia, Hungary, Poland, Rumania and Communist China. An agreement between the East German Chamber of Foreign Trade and the Indonesian National Trade Organization expired December 1955.

Under the Ali Government which held office from July 1953 to August 1955 government policy led to a strengthening of trade relations with the Bloc. Closer trade ties were negotiated as trade agreements were concluded for the first time with Communist China, Rumania, and East Germany. In early 1955 the Ali Government began to show disillusionment with Bloc trade: implementation under the agreements had not measured up to expectations; Indonesian products sold to the bloc countries were being resold on the European markets at lower prices; and the Bloc, in seeking outlets in Indonesia, appeared to favor local Communist businessmen. ^{14/} After the Harahap Cabinet took office in August 1955 special trade patterns - the parallel transactions* formerly

* Under parallel transactions the commodities of one country are exchanged for commodities of the other without transfer of funds.

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used extensively with Eastern Europe - were abolished. Government declarations issued in October 1955 indicated that trade arrangements with the Bloc countries had been unsatisfactory and had resulted in a general deterioration of the foreign exchange position. The Prime Minister, in a Parliamentary debate, pointed out that raw products exported to the Bloc had been retraded in other markets in direct competition with normal Indonesian exports and that, under parallel transactions, Indonesian exports were usually sold below world market prices with the deficit made up by charging Indonesian consumers more for imports. 15/

The Ali government, which again took office in April 1956, has indicated its dissatisfaction, first expressed in early 1955, with the existing Bloc trade arrangements. It has notified the Eastern European countries of its desire to terminate the existing agreements; however, this measure has been taken with the view that new arrangements will be formulated in which the quotas (volume) would be revised and the systems of payment be made on a completely new basis. 16/ Whether or not the volume of trade would be increased under new agreements, the Bloc would probably continue to maintain a large amount of its trade because of established connections with Indonesian businessmen and increased Indonesian familiarity with Bloc products. The current status of the bloc agreements are given below:

Czechoslovakia 17/

After protracted negotiations, resulting from Indonesian reluctance to include its "strong" commodities - rubber, tin and copra - in the agreement to avoid the loss of local currency earned from the normal sale of these commodities, the agreement

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was finally renewed in late July 1955 for the period ending 14 July 1956. The agreement envisaged trade in each direction of 6 million pounds sterling, almost a 100 percent increase over the previous agreement. Indonesian export quotas included 18,000 m.t. rubber, 3,000 m.t. of copra and 500 m.t. of tin; Czech export quotas for machinery and textiles were significantly increased.

Hungary 18/

The Indonesian-Hungarian agreement was automatically extended to 30 June 1956. Under the previous agreement the largest Hungarian export quota consisted of textiles, followed by industrial machinery motorcycles and household articles. The previous agreement provided for total trade amounting to 130.5 million rupiahs (approximately \$11.75 million) *

Poland 19/

The Polish agreement signed 6 September 1955 for the period 1 May 1955 - 30 April 1956 provided for total trade of 3.6 million pounds sterling, the same as under the previous agreement. It was reported that Indonesia had refused a Polish request to raise the anticipated level of trade to 12 million pounds sterling - an apparent reflection of the government's attitude toward bilateral agreements in general and especially those with the Bloc. Polish offers of credits and technical assistance and the possibility of direct shipping services between the two countries were discussed during the negotiations, but no agreement has subsequently been concluded on either of these points. Principal Polish export quotas include textiles and machinery (including textile machinery); Indonesian export quotas include 500 tons of tin, 5,000 tons of rubber and 1,500 tons of copra.

Communist China 20/

The agreement with Communist China was automatically renewed for a year ending 31 July 1956 under the provisions of the previous agreement. The previous agreement provided for total trade of 6 million pounds sterling. An Indonesian trade delegation was scheduled to depart for China in July 1955 for the purpose of negotiating an enlarged pact providing notably for increased textile imports, but the trip was postponed indefinitely. The Indonesian Economic Ministry announced that trade with China was running well and would continue without a new trade agreement.

Rumania 21/

The Rumanian agreement was extended for one year from 1 July 1955. The Rumanian delegation to the 3rd International Trade Fair at Djakarta announced Rumania's intention of expanding trade relations with Indonesia within the framework of the agreement.

* Unless otherwise specified, the official exchange rate of ¹/rupiah/3.037 has been used throughout the paper.

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Bulgaria 22/

A preliminary agreement between Bulgaria and Indonesia was announced in December 1954. The head of the Bulgarian delegation to Indonesia in June 1955 announced that the first trade transactions between the two countries would take place late in 1955 or early in 1956. Bulgaria will sell cement, porcelain, textiles and electrical products in exchange for Indonesian agricultural products.

USSR 23/

Indonesia does not have a trade agreement with the USSR. In April 1956 the Soviet Ambassador proposed the conclusion of a trade agreement between the two countries. The Indonesian Government indicated the entire question of trade agreements was still under consideration and that interested governments were being informed that Indonesia was not immediately prepared to negotiate an agreement with anyone. Nevertheless, at the time the Indonesian Government undertakes the planned revisions of the existing bloc agreements, a trade agreement probably will be signed with the USSR.

The Indonesian Foreign Office announced in mid-June 1956 that an Indonesian trade delegation is expected to visit Czech and Rumania and trade delegations from the USSR, Hungary, Bulgaria and East Germany are expected in Djakarta to conduct negotiations for trade agreements. For these agreements which expire by mid-July, validity will be temporarily extended pending completion of new agreements.

B. Permanent Trade Offices

Czechoslovakia, Poland, Bulgaria, and Hungary have established full-fledged permanent trade missions in Indonesia, while East Germany and Rumania have had less formal representations there. One of the functions of the trade missions apparently has been to find suitable agents or outlets, preferably Indonesians, for the commodities being offered by the Bloc countries. See Appendix A for a list of local representatives handling Bloc products.

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C. Participation in the Djakarta International Trade Fair 11/

Communist China, Czechoslovakia, East Germany, Hungary, Poland and Rumania participated in the 3rd International Trade Fair held in Djakarta from 18 August - 26 September 1955. Poland and Rumania had only information booths and East Germany exhibited through a local agent. While the Bloc countries did not dominate the Fair as they had done in 1954, they nevertheless made a very impressive showing. The Czechs were the most aggressive in publicizing their exhibit, running a series of ads in local newspapers about the products on display. As in the past, the Bloc countries used the fair for major propaganda purposes, exhibiting their products in an effort to convince Indonesia they were capable of supplying Indonesian requirements for capital and consumer goods. Remarks made by some Indonesian officials and businessmen indicated that China, Czechoslovakia, and Hungary had to some extent succeeded in establishing such a conviction.

D. Intensified Advertising

The Bloc countries have advertised extensively to promote sales of their products. Polish advertisements appearing in the Indonesian press

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have listed 14 Polish trade organizations which claim to be able to deliver a wide range of goods including heavy capital equipment, ships, and motor vehicles. 12/ The Czech Commercial representative attached to the Czech Consulate General, in an effort to interest local importers in Medan in Czech products, distributed to importers a catalogue listing a wide variety of available products. It included machinery, vehicles and light engineering products, textiles and leather goods, ceramic and glass products. 13/ A Rumanian delegation was also in Medan demonstrating agricultural machinery -- a crawler tractor, a triple-gang plow, disc-harrows and other farm equipment -- to the employees of the Office of Agriculture in North Sumatra. 14/ The Soviet Embassy is planning to launch a large-scale publishing and information program in Indonesia. 15/

III. Economic Development in Indonesia

Economic development has been given high priority by the government, but limited financial resources have prevented Indonesia from significantly increasing its rate of capital investment. Private capital has failed to compensate for the low level of government investment. Governmental policy, conditioned by intense nationalism and directed at the "Indonesianization" of all companies, has sought to limit the economic influence of foreign investors. Failure to develop a realistic foreign investment law has discouraged reinvestment as well as new investment by foreign capital. Foreign aid programs have been restricted by Indonesian attitudes -- a fear

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of having restrictions imposed on their sovereignty and freedom of action and a sensitivity to foreign influence. At the same time Indonesia has not had the domestic resources and economic institutions to undertake an extensive economic development program without outside assistance.

In late 1955, however, the Marahap Cabinet, recognizing that available capital in Indonesia was insufficient for its economic development, set up the Foreign Investment Committee, headed by the Planning Bureau Chairman, to study possibilities of foreign capital investments in Indonesia. Pending the enactment of legislation, a Government policy statement on foreign investment was issued in December 1955. 36/ In principle the statement welcomed the entrance of foreign capital, both in the form of government loans as well as private investments, in Indonesia. Fields closed to foreign investment would be limited to public utilities, some small industries traditionally operated by Indonesians and industries involving the security of the country. But in other basic industries foreign investors would be permitted to hold up to 49 percent of the capital stock. The statement implied that the draft foreign investment law would give guarantees against nationalization and double taxation and assurances that profits and salaries could be transferred abroad. Although these changes in foreign investment regulations would represent a considerable improvement, it is well established that foreign investors have not been strongly attracted to areas where their

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capital stock ownership has been limited to anything less than 51 percent.

In March 1956 the new government headed by Prime Minister Ali Sastro-
midjojo took office. Prime Minister Ali's policy statement to Parliament
in April 1956 contained the following points of the government's program
for economic development: 17/

- a. Initiation of a five-year economic development plan with emphasis on the development of industry and mining.
- b. Elevation of the State Planning Commission to the Ministry of State Planning. Combine and strengthen the organizational set-up of the Economic and Financial Council and the State Planning Commission which are responsible for the supervision of short-term and long-range construction projects.
- c. Division of investment administration into three categories:
 - 1 - Government investment
 - 2 - Private investment (the government plans to give advice in determining priorities for investment and to provide protection against foreign competition)
 - 3 - Village investment
- d. Willingness to receive technical and/or economic aid from abroad on a purely commercial basis "free from any political or military commitments"
- e. Regulation of foreign capital investment by law
- f. Achievement of a balanced budget which is sound and provides an opportunity for continued development
- A. The Role of the Government in Economic Development

Government funds have been the source of almost half of Indonesia's
gross investment and are likely to continue to be an important element in
future development. Government investment in the past has consisted of
diverse projects frequently undertaken on political grounds and often
abandoned because of unforeseen developments. Prime Minister Ali, in his

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policy statement, pointed out that the five-year economic development plan (which was completed by the National Planning Bureau at the end of 1955 and which is Indonesia's first comprehensive plan for economic development) would prevent the various ministries from working independently of each other with a resultant waste of energy and money, would insure completion of a project once begun, and would prevent less important projects from being undertaken first. 38/

The draft budget for 1956 includes Rp. 3,686 million for capital expenditures. It is generally estimated that about half of this is replacement and renewal rather than new investment. 39/ Government development expenditure under the 1954 and 1955 budgets included Rps. 2,435 million and 1,300 million respectively. 40/

1. The Five-Year Economic Development Plan

The five-year economic development plan covers such fields of reconstruction as agriculture, mining and manufacturing, power, communications and social affairs. It is hoped that the budget, currently running at a deficit rate of about 1 billion rupiahs a year, can be balanced in the first year of the plan. Financing of the plan is to be effected with 11.4 billion rupiahs from the government, 11.4 billion rupiahs from private investment and 7.2 billion rupiahs from village investment. 41/ Mr. Djuanda, Director of the National Planning Bureau, has stated that the plan is based

entirely on a realistic estimate of what Indonesia can do with its own resources, with foreign aid or additional sources of foreign exchange permitting implementation of projects of lower priority. There have been recent indications, however, that outside assistance will be required to finance the plan. Djuanda intimated in a conversation with a US official in mid-April his government's intention of requesting aid from the US in implementation of the 5-year plan. ^{42/} The Indonesian Finance Minister stated on 7 May that only half of the 1956 portion of the 5-year plan would be covered in the budget owing to a decline in anticipated tax revenues. ^{43/}

The plan is scheduled to begin in 1956 and estimates a total government expenditure of 11.4 billion rupiahs (approximately \$957 million) or 2.2 billion rupiahs annually (approximately \$191.5 million). Of the total 11.4 billion rupiahs of government financing, 25 percent would be appropriated for power, 25 percent for transportation and communications, 25 percent for industry and mining, 13 percent for agriculture, migration and village development and 12 percent for social welfare. According to estimates, 6 percent of the national revenues will be invested in the first five-year plan. For the second, third, and fourth five-year plans, amounts have been estimated at 8.6 percent, 12 percent and 16 percent respectively, and for the period after 1975, 20 percent. ^{44/}

The plan does not set specific targets but includes three lists of projects in order of decreasing priority within each list. The

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lists include: (1) special projects, large-scale and multi-purpose, which are to be undertaken by the Central Government; (2) central projects, large-scale and single-purpose, which are to be undertaken by the Central Government; and (3) a recommended list of projects to be urged upon provincial governments and private enterprises. 45/

a. Special Projects

The National Planning Bureau gives priority to the development of electric energy - the Asahan River project and the Djatiluhur Power Station-Irrigation project.

The Asahan Project 46/

Plans include the construction of a hydroelectric power plant at Asahan, North Sumatra with a capacity of 800,000 kilowatts, but only 100,000 kilowatts will be put into use within the next five years, and this will be especially to supply energy to fertilizer plants. The generation of the entire 800,000 kw will ultimately supply cheap electric power to several industries such as the aluminum, paper and cement industries.

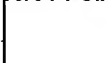
The Djatiluhur Project 47/

Plans include the construction of two dams, the Djatiluhur Dam and the Tarum Dam on the Tjitarum River, permitting irrigation of 100,000 additional hectares in Java and ultimately providing for the generation of hydroelectric energy of 350,000 kw for several industries in West Java. It is hoped that the Djatiluhur Dam will be completed in five years.

Other projects included in this list are the iron and steel integrated project, the chemical and fertilizer industry and plans for the development of a rayon industry. Although all of the special projects are at some stage of active study, economic justification has not been established for all of them and work may not be started for a number of years on those projects for which economic justification has already been established.

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b. Central Projects

These projects include completion of projects already under way, such as the cement plant at Gresik and various Government projects in the textile industry.

The primary result of the agricultural projects will be to make Indonesia self-sufficient in food and to increase the exportation of agricultural produce in order to acquire foreign exchange. Projects for the improvement of social conditions include transmigration, education, health, and housing.

An outline of the plan is ready for submission to the Cabinet for study and the Minister of State Planning has expressed the hope that the bill on the first five-year plan would be settled in the second session of Parliament.

Recent discussions have taken place on two projects included in the five-year economic development plan. Both of these projects have been given a high priority by Mr. Djuanda.

Steel Mill 48/

The Indonesian press has reported that work on the construction of an iron and steel mill in Lampung (South Sumatra) will be started on 1 June with the dispatch of an 83-member expedition who will conduct a survey for 6 1/2 months of the region's iron ore and limestone deposits. It has also been reported that the State Planning Bureau will start steel and iron mill projects in Djampang Kulon in West Java and in Southeast Kalimantan (Borneo). Another expedition is to survey the Bukitani coal mines for the possibility of increasing the mines' output.

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Urea Fertiliser Plant 49/

Total cost of the planned 100,000 ton annual capacity fertiliser plant at Palembang (Southeast Sumatra) is estimated to be \$40 million, half of which will be procured from foreign sources. The advantages of the plant include (1) reduction in foreign exchange required for imported fertiliser; (2) local availability of raw material (natural gas will probably be supplied by STANVAC); (3) cost of planned domestic product will be about half of imported fertiliser. The American Embassy has stated it believes this project merits the consideration of the Export-Import Bank for a loan to finance the dollar cost of the plant, particularly in view of recent Soviet bloc industrial credit offers (the USSR listed fertiliser plants among the projects it considered suitable for the extension of technical assistance).

2. The National Planning Bureau 50/

General economic planning is the responsibility of the National Planning Board which is composed of the nine cabinet members most directly concerned with economic planning and presided over by the Prime Minister. The National Planning Bureau is an executive unit of the Board and is responsible for drafting economic plans, programs and proposed policies.

The Director of the National Planning Bureau is Mr. R. Djuanda and the Deputy Director is Mr. Ali Sudiardjo. The part of the Bureau in charge of planning is divided into eight sections, each section being responsible for drawing up plans for a certain branch of government activities and forming an intermediary between that branch and the Ministries concerned. In October 1953 the Bureau for the Coordination of Foreign Assistance and the Committee for the Coordination of Foreign Assistance, both previously under the Ministry of Economic Affairs, were abolished and became the Secretariat of the Interdepartmental Coordination ^{Committee} of the National

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Planning Bureau. The Interdepartmental Coordination Committee, presided over by the Director of the National Planning Bureau and composed of the Secretaries-General of the Ministries represented on the National Planning Board, coordinates the projects of the different ministries for the utilization of the various forms of foreign technical assistance.

A number of foreign experts, under assistance projects of the UN, the Colombo Plan, etc., are attached to the Bureau as advisors and assistants under the supervision of the director. The services of these foreign experts were utilized in the formulation of the five-year plan. J.G. White Engineering Corporation, which worked under the National Planning Bureau from June 1954 until April 1956 when its contract was cancelled, assisted in surveys of Indonesia's economic needs and in the preparation of specific investment projects. Three French engineers have been working on the Asahan project and an Italian power expert was attached to the Bureau in January 1955. In June 1954 the Indonesian Government requested the services of 10 mining experts from Canada. On 16 April 1956 the government renewed for another three years the UN Technical Assistance Agreement under which advisors are assigned to assist the Planning Bureau in drawing up development plans.

3. Indonesian Industrial Development Corporation Ltd. 51/

In April 1954 the Indonesian Industrial Development Corporation Ltd. was founded under the auspices of the Indonesian Chamber of Commerce.

Ir. Albert Narnix Loemban Tobing was designated General Manager under an Executive Council composed of several officials of the Indonesian Chamber of Commerce. The Board of Directors consists of Ir. Djuanda (Chief of the National Planning Bureau), Ir. Lach (a leading businessman and former Minister of Public Works) R. Iskandar Tedjasukmana (former Minister of Labor) and the management of the Bank Industri Negara (the state industrial development bank). The aim of this corporation is to assist in and to stimulate the establishment of industrial projects in Indonesia. It offers the following services: the preparation of plans concerning operations, organization, and blueprints and the supply of cost data for the establishment of new factories; plans for improvements in operations and organization of old factories; inducement of domestic and foreign capital to invest in Indonesian industries; mediation between businessmen and the Government or between several industries concerning the establishment of new industrial projects and the facilitation of solutions to the problems encountered; mediation between Indonesian businessmen and international agencies and between Indonesian businessmen and foreign businessmen who are interested in investing capital in Indonesia; and finally the establishment of factories when no initiative is shown by others. It is certain that Sino-Soviet Bloc trade missions and trade representatives will make

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strong efforts to win the confidence of the members of the Industrial Development Corporation.

4. Development and Training Institutes 52/

The Department of Industry of the Ministry of Economic Affairs maintains development and training institutes throughout Indonesia. The Institutes are: Industrial Development Institute; Chemical Institute; Materials Testing Institute; Leather Institute; Textile Institute; Ceramics Institute; and Batik Institute. The Institutes' primary function is to provide the basic engineering facilities, services, and trained personnel for implementing the government's program of industrial development. Their secondary function is to provide research and analytical services to the extractive industries. The U.S. through its aid program has been furnishing commodity aid to the Institutes for use in both training and development programs. The services of technical experts, under the UN Technical Assistance Program, have been supplied to assist in the execution of the projects. In addition to the Indonesian staff, there are twenty-two European technicians employed by the government on direct contracts and assigned to these institutes. In view of Indonesia's lack of qualified and experienced technical personnel these institutes, with their primary emphasis on training, play an important part in Indonesia's economic development.

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In May 1956 it was reported that the Indonesian Minister of Education had been invited to head a delegation to the USSR to study the Soviet educational system. 51/ It is anticipated that a Soviet offer of assistance in the fields of technical and agricultural education will follow; an earlier proposal was made by Soviet Ambassador Zhukov for a bilateral agreement for the exchange of professors and students under which Indonesian students could study in Russian universities. 52/ In view of the great need for the training of Indonesians in technical fields and the lack of adequate training facilities in Indonesia, this represents a wide area for exploitation by the USSR. It seems likely that Soviet offers of training will be accepted by Indonesia, particularly in view of the Indonesian practice of recruiting experts from a number of different countries to avoid the danger of any one nationality dominating the program. In view of the importance the government attaches to the continuing placement of foreign technicians in these institutes, it seems probable that Soviet personnel might be attached to several of these institutes.

B. Free World Assistance to and Investment in Indonesia

1. US Assistance

Since 1950 total US assistance to Indonesia has amounted to approximately \$14.8 million, including a \$100 million Export-Import Bank credit made in 1950, of which \$16.8 million remains unallocated. 55/

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The Eximbank credits have been authorized for the transportation development program, telecommunications development, harbor construction, railroad rehabilitation program, electrification program, forest development program, construction^{of} a cement plant, purchase of aircraft and equipment and marine engines. 56/ Primary emphasis of the US technical cooperation program in Indonesia has been placed on increasing agricultural and fisheries production and on the expansion of public health services and facilities for technical training. Moderate assistance has been given to Indonesia in providing engineering services and improving public administration.

The introduction and distribution of higher-yielding rice and corn seed and assistance in the modernization of the Indonesian fishing fleet have been of particular significance. Special malaria-control projects have been undertaken with notable success. The University of California and Tuskegee Institute are providing technical assistance in the fields of medical education and vocational training. Facilities for technical training include furnishing American experts to help in the development of Indonesian institutions and providing training opportunities in the U.S. for Indonesians. 57/

The PL 480 agreement, signed in March 1956, for the sale to Indonesia of US surplus agricultural commodities valued at \$96.7 million will provide needed local currency funds to assist in Indonesia's

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economic development. 58/ The agricultural commodities covered by the agreement are: cotton, \$36.0 million; rice, \$35.8 million; tobacco, \$15.0 million; and wheat flour, \$5.0 million. Ocean transportation covering approximately 50 percent of the cost is estimated at \$4.9 million. Eighty percent of the rupiah funds (equivalent to \$77.4 million) will be loaned to the Indonesian Government for economic development purposes. The remainder of the rupiah proceeds (equivalent to \$19.3 million) will be spent by the US for market development activities, the purchase of strategic materials, defrayment of US expenses and the financing of international educational exchange activities.

2. Other Free World Assistance to Indonesia

Apart from the Netherlands loan of 1950 for \$73.7 million, assistance from other Free World countries has been small. In 1954 the Minister of Finance, Mr. Ong Eng Die, reportedly stated that the government had obtained loans abroad totalling Rp. 1 billion (approximately \$88 million) -- Rp. 400 million (approximately \$35 million) from France, Rp. 300 million (approximately \$26 million) from West Germany and Rp. 200 million (approximately \$17.5 million) from the Netherlands. A subsequent Embassy check with members of other Missions and officials in the Ministry of Finance revealed the status of the credits from these countries to be as follows: 59/

FRANCE - France and Indonesia reached an agreement in June 1954 at the conclusion of their trade agreement negotiations which provided for credits totalling 12 million francs (approximately \$35 million) to be used

within one year and repayable over a period of 7 years. The credits were to be used for the purchase in France of capital goods--hydroelectric installations, power and electric equipment, building equipment, ships, mining equipment. As of the end of 1954 no agreement had been reached on the terms for the implementation of the credit and the French Government was becoming impatient and had asked the Indonesian Government to come to some early conclusions or release the credit for use by France in other parts of the world.

West Germany - An agreement with the Bank Verein Westdeutschland, Dusseldorf, simply provided that the Bank would consider requests for credit from Indonesia, and if the project was considered sound and terms of credit could be agreed upon, the Bank would grant the credit. The amount and credit terms were not stated. There had been no specific requests submitted to the Bank for credit as of December 1954.

The Netherlands - The Bank of Indonesia was authorized by the Monetary Council on 9 April 1954 to conclude a credit agreement with the N.V. Export Financiering Mij, the Hague, for approximately 75 million rupiahs (approximately \$6.5 million). According to the Commercial Counselor of the Office of the High Commissioner for the Netherlands none of the credit had been used as of December 1954. He added that the credit is to be used for projects which must have the prior approval of the Netherlands Government and can, in no sense, be dispensed freely by the Indonesians as claimed by the Minister of Finance.

3. Foreign Investment

Failure of the Indonesian Government to provide the necessary guarantees for foreign investment--guarantees against nationalization and double taxation, settlement of land concession rights and assurances that profits can be transferred abroad--has discouraged reinvestment as well as new investment by foreign capital. The withdrawal of Dutch capital, primarily invested in rubber plantations, has been most extensive, but in 1954 British and US interests also

announced their intentions of liquidating particular holdings. US petroleum interests - Standard Vacuum and Caltex - expect, however, to invest approximately \$140 million in Indonesia over the next four or five years. Monthly transfer of profits is tied to commitments of new investment of \$70-80 million by Stanvac and of \$60 million by Caltex. 60/

On 27 April 1956 the Indonesian press announced Indonesian and Japanese governmental approval for the establishment of a joint Japanese-Indonesian National Reconstruction Bank. The bank will have a capital of 50 million rupiahs (approximately \$4.4 million), 49 percent of which will be provided by a Japanese company and 51 percent by private Indonesian investors. The Japanese investor, Ishihara Sangyo Company, has reportedly paid its first installment. The bank will not engage in foreign exchange transactions, but it will lend money for the development of Indonesia's petroleum industry, interisland shipping services, and other industries. 61/

In mid-June 1956 a contract to finance machinery for a rice straw paper mill in Central Java under a four-year credit was concluded between the State Industrial Bank and an Italian firm "Celluloso Pomilio". The mill, scheduled to open by mid-1958, is to have an annual capacity of 7,500 tons. A second State Industrial Bank project for an asbestos cement factory near Gresik (East Java) is to have

Italian technical aid and financial aid from New Zealand under the Colombo plan. New Zealand assistance has also been reported for planned tannery and glass factories. The Indonesian foreign credits committee has announced the continued opportunity for capital goods imports under long-term credits from the Netherlands, West Germany, France, Sweden, Italy, Czechoslovakia, the UK and the US. 62/

C. Sino-Soviet Bloc Assistance to Indonesia

To date the Sino-Soviet Bloc has provided Indonesia with known credits totalling approximately \$9.6 million and an estimated \$100,000 in grants--\$50,000 in equipment and \$50,000 in technical advice and travel expenses. The largest credit has been an \$8.0 million credit granted by East Germany in 1955 for the construction of a sugar factory. 63/ The other credit - a \$1.6 million credit payable in 5 years at 4 percent interest - was granted by Czechoslovakia in 1956. 64/ Soviet Bloc grant assistance has included an East German donation of an automatic weaving machine and two knitting machines which had been exhibited at the 1954 Djakarta Trade Fair, installations by Czech technicians of five looms ordered by Indonesia at the same fair, and tours of the USSR by Indonesian delegations of railwaymen, industry, and agricultural officials in 1954. 65/

The Bloc technical aid program in Indonesia has been carried out in the past by the European Satellites, primarily East Germany

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and Czechoslovakia. There are indications, however, that the USSR intends to become increasingly active in Indonesia. In April 1956 the Soviet Union made its first concrete proposal to give Indonesia economic aid for development in all fields, including agriculture and industry. 66/ Although the amount and type of aid, whether grant or loan, is not yet clear, it appears that Indonesia is receptive and in principle is prepared to accept the Soviet offer.

Prior to 1956 Bloc assistance had been on a small-scale. In view of the recent announcements of the Soviet aid offer and the conclusion of several agreements for Czech aid, it appears that the Bloc intends to participate in Indonesia's economic development on a large-scale. The possibility of an increased bloc aid program is supported by Prime Minister Ali's policy statement made before Parliament in April 1956 shortly after he took office. The Prime Minister, in expressing the desire to maintain good relations with the US "which is capable and willing to give aid to other countries," added that Indonesia was also "willing to make use of the ability and willingness of Communist countries to give aid."67/

1. East Germany

The largest Bloc project in Indonesia to date has been that resulting from the East German contract, signed in February 1955,

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for the construction of a sugar factory in Jogjakarta (South Java).

The sugar factory will have a capacity of 2,000 tons of sugar per 24 hours with an additional distillery capacity of 1,500 tons of spirit daily. 68/ It has been reported that approximately 1,200 hectares of land (about 2,765 acres) will be planted with sugar cane to supply the mill. The factory is to employ 10,000 workers. 69/ The total cane grinding capacity per 24 hours of Indonesia's sugar factories is currently 67,527 tons. The Jogjakarta factory will increase total cane grinding capacity per 24 hours by 3 percent.

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In February 1955 a formal contract for the construction of the sugar factory was signed with East Germany. (See attachment for a copy of the contract) The terms of the contract specified that East Germany must deliver the equipment in such a way to enable the raw sugar factory (including power station, molasses-tank, sugar laboratory and transport installation) to be put into operation on 15 August 1956; the white sugar stage on 15 September 1956; the spirit plant on 1 April 1957; and the workshop and foundry on 1 March 1957. 73/

Under the terms of the contract the total costs of the equipment for the factory were listed as 2,819,549 pounds sterling (approximately \$8.0 million). Installation expenses and the travel expenses and salaries of the East German technicians were included in the purchase price of the equipment. Estimates made of the total costs of constructing such a factory have placed the value as high as \$12.0 million. Sultan Hamengku Buwono, head of the self-governing region of Jogjakarta, indicated at the unloading of the first shipment of machinery for the factory that 90 million rupiahs (approximately \$7.8 million using the conversion rate of 1 rupiah/\$.087) had already been

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earmarked for machinery for the factory and that an additional 60 million rupiahs (approximately \$5.0 million) would be needed. 74/

Payment is to be made in six annual installments within the period 1956-1961 and in the following way: 75/

- (a) up to 1 Dec 1956 40 percent of the first annual installment
- on 15 Jan 1957 60 percent of the first annual installment
- (b) on 1 Aug and
30 Sep of 1957,
1958, 1959, 1960,
and 1961 50 percent of the annual installment payable at the fixed dates

There is nothing in the terms of the contract to indicate payment will be made by Indonesian deliveries of sugar as has been indicated by some sources. The terms specify that payments made to the special account of the Deutschen Noten Bank to have been established with the Bank of Indonesia can be used by East Germany for the purchase of Indonesian products listed in an attachment to the contract. This list includes products normally exported by Indonesia to the Bloc--the most important of which are rubber and tin.

In June or July 1955 Mr. Susanto and Mr. Supari, agents of "Jajasan Credit Tani" (Peasants Credit Foundation), were sent to East Germany to settle matters pertaining to the purchase of the sugar factory equipment. 76/ In October 1955 the first shipment of machinery for the factory was unloaded at Surabaya. 77/ An early

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November report indicated a Polish freighter was loading parts of a sugar factory at the Port of Wismar for export from East Germany to Indonesia. 78/ Sultan Sumono indicated that four East German engineers acting as technical advisers were expected to arrive in the middle of October and that a total of 40 technicians would be sent to assist in plant construction. 79/ Other reports have placed the number of East German technicians as high as 60.

Reports have been received which have indicated that work on the sugar factory has bogged down. It was reported in October 1955 that production at the new plant, originally scheduled to begin in August, had been postponed until some time in 1957. 80/ However, in the second general debates in Parliament in April 1956, Prime Minister Ali, in answer to questions on the construction of the sugar mill, replied that work had not stopped. He stated that, in view of the fact that Indonesia and East Germany have no direct communications and because of the large amount of capital needed for the project, progress has been slow. 81/

Sugar production in Indonesia has steadily increased since the war with 1955 production estimated at 850,000 m.t. compared with 718,000 m.t. for 1954 and 619,521 m.t. for 1953. 82/ Domestic consumption requirements have almost equaled annual production, however.

The following table shows Indonesia's domestic consumption of white sugar for 1950-1955: 81/

<u>Year</u>	<u>Domestic Production</u> <u>Metric Tons</u>	<u>Domestic Consumption</u> <u>Percent of</u> <u>Production</u>
1950	224,700	84
1951	421,467	98
1952	456,404	99
1953	518,031	80
1954	498,301	69
1955	665,186	78

The construction of this plant falls within the government's plans for agricultural projects, the primary purposes of which are to make Indonesia self-sufficient in food and to increase the exportation of agricultural produce in order to acquire foreign exchange.

East Germany, Rumania and Czechoslovakia have expressed an interest in providing technical assistance for the development of the North Sumatra oilfields. These countries have offered to send experts to exploit the oilfields, to supply petroleum equipment and to train Indonesian personnel. 81/ Development of the North Sumatra oilfields represents a potentially receptive field for Bloc assistance. The oilfields have been exploited only on a limited scale by local groups pending a decision on whether they are to be nationalized or privately operated. Disposition of the oilfields is currently under study by the government. North Sumatra contains rich oil deposits, but any expansion by the Indonesian Government would require foreign capital as well as foreign technicians. The local groups have no

capital, only limited credit, and are constantly faced with financial difficulties in the operation of the installations. 25/

Indonesia's failure to establish a stable petroleum policy presents a sizable drawback for foreign investors. Under present conditions each foreign firm must make separate arrangements for concessions, taxes and the use of foreign exchange - all of which are subject to change. 26/ The failure of the government to enact a new mining law has created a serious obstacle to foreign petroleum interests in obtaining and renewing concessions for development of the petroleum resources. If Bloc offers meet Indonesia's requirements, it would not seem unlikely for Indonesia to accept some assistance from this quarter. Bloc willingness to train Indonesian personnel would certainly appeal to the government in view of its insistence that Indonesian personnel be employed in technical and administrative positions in the industry.

2. Czechoslovakia

Czech efforts to provide technical assistance for Indonesia's economic development met with very little success in 1955. Only one small-scale project, the construction of a canvas-producing factory, was undertaken with Czech assistance. A January 1955 article in Angsa, in reporting on this project, indicated most of the textile

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machinery had arrived and Czech technicians were assisting in the mounting and operation of the machinery. §7/ An Embassy check-up revealed the press release was exaggerated; the textile machinery, ordered from Czechoslovakia at the 1954 Djakarta Fair, had not arrived nor had construction work begun. Date of arrival of either the textile machinery or the Czech technicians was not known. §8/ Reports that Czechoslovakia was building an electric power plant, a factory for radio receivers, a pharmaceutical plant, and a factory for small and medium-sized agricultural machines have not been confirmed.

In early April 1956, shortly after the new Indonesian Government headed by Prime Minister Ali Sastroamidjojo took office, two agreements providing for Czech assistance were announced.

An Indonesian press agency announced that the Czech Government had agreed to extend a credit for approximately \$1.6 million to Indonesia, payable in five years at 4 percent interest. The credit will be used by the Indonesian Tire and Rubber Company to equip a tire factory in Djakarta. A contract for this purpose was signed between the Bank of Industry and the Czech firm, Technoexport. §9/

Prague announced the conclusion of a second agreement by Technoexport for the construction of an enamelware factory which will turn out 750 tons of enamel utensils a year. The Czechs are to

deliver the complete equipment including an electric power station.

Czech technicians will install the equipment and train Indonesian

workers in the servicing of the machinery and in production methods. 20/

According to press reports the first part of the enamelware factory

equipment has already arrived in Indonesia. 21/

Indonesian Economic Ministry sources revealed on 13

April that the Czech Government had submitted a draft credit agreement

to the Indonesian Government under which credits would be granted to

Indonesia for the establishment of such industries as steel, cement,

textiles, glass, paper and pulp and fertilizer. 22/ The Foreign Office

has stated this was a revision of the draft on which the countries had

failed to agree in July 1955. The Embassy has been informed that the

total line of credit is not specified but that subsidiary agreements

are to be reached on a project-to-project basis. The terms call for

payment in sterling with 10 percent down, 15 percent on the first

shipment and the balance in 9 semi-annual installments. The draft

envisages the use of Czech technicians whose expenses will be paid

in local currency. 23/ The agreement was signed on 16 May and the

press reported the first credit under the agreement was the \$1.6

million credit to the Indonesian Tire and Rubber Company. 24/ It

is not clear if the enamelware factory is included under this credit

agreement or if it is a separate deal.

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3. Romania

A Rumanian-Indonesian agreement of August 1954 included a provision for Rumanian assistance in the construction of a cement mill, in drilling oilwells and working mineral deposits. 95/

In October 1955 the head of the Rumanian Trade Office in Djakarta made an offer for the construction of a cement mill on a long-term credit basis. The cement plant would have an annual capacity of 200-300,000 tons. 96/ Rumanian technicians were due to arrive in January 1956 for a two-month survey to select a suitable site for the plant. 97/ Indonesia already has one cement plant in operation and construction work is progressing on the cement plant at Gresik, near Surabaya (East Java) which is being financed by an Export-Import Bank loan. 98/ Anticipated production of the Gresik plant, added to current production, is expected to bring local cement output close to present demands of the domestic market. Dr. Djuwanda has stated that the plant at Gresik will save Indonesia approximately \$6 million per year in foreign exchange. Construction of this third plant would make Indonesia self-sufficient in cement and might even supply a surplus for export. It also would have the concomitant result of displacing Blee exports of cement to Indonesia. Over half of Indonesia's total cement imports in the first half of 1955 were supplied

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by the Bloc. Of total Bloc exports of cement to Indonesia in January-June 1955 approximately 70 percent was supplied by Czechoslovakia, 23 percent by Rumania, and the remainder by Poland and Hungary. 99/ Although the Indonesian Government has not announced that Rumania has been awarded the contract for construction of this cement plant, it seems likely that Rumanian assistance will be accepted.

The Rumanians have made a general offer of assistance for the development of the North Sumatra oilfields. Following a survey of the oilfields and the refinery at Pangkalan Brandar, a Rumanian delegation offered to furnish modern drilling equipment for use in the oilfields and to train Indonesian technicians. 100/ To date there have been no subsequent efforts by the Rumanians to push this project, but with disposition of the North Sumatra oilfields under study by the Ali Government the Rumanians will probably make some concrete aid offer.

4. Other Sino-Soviet Bloc Countries

Polish, Hungarian and Communist Chinese economic assistance activities in Indonesia have been limited primarily to general offers of long-term credits to finance Indonesian purchases of capital goods. In June 1955, Communist China offered long-term credits in the form of capital goods for the construction of textile mills, hydro-electric installations and cement mills. 101/ To date no agreements

for the use of such credits have been signed with any of these countries.

The USSR, in April 1956, made its first concrete proposal of economic aid to Indonesia. 102/ Soviet Ambassador Zhukov informed the press on 10 April that he had submitted a concrete economic aid proposal to the Indonesian Government. Zhukov commented that the offer was effective for any field, including agriculture and industry. Dr. Djuanda, Director of the National Planning Bureau, stated he was unable to discuss the Soviet offer at that time but described it as a parallel to the Soviet offers made to India. Governmental decision on acceptance of the Soviet offer has not yet been reached, but it seems extremely unlikely that the Indonesian Government, faced with a sufficiently attractive Soviet economic aid program, would refuse it.

Ambassador Zhukov, in a 2 May press interview, 103/ stated that he had informed the Indonesian Prime Minister and the Foreign Minister that if the Indonesian Government would submit a concrete proposal the USSR was prepared to study it carefully and start negotiations. He listed construction of power stations, fertilizer factories, oil refineries or aluminum and cement plants as suitable projects for cooperation. He added that the USSR was prepared to cooperate with Indonesia in the use of atomic energy for peaceful purposes and to train Indonesian personnel in this field in the USSR. Zhukov further revealed that the USSR was studying the possibility of granting

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scholarships to Indonesian students to take up specialized studies in Russian universities.

These projects which have been listed by Zhukov have been well-chosen by the Soviets. Development of power has been emphasized by the National Planning Bureau in the 5-year development plan. Construction of chemical fertilizer factories has a high priority because of its importance for increasing food production, especially that of rice. Disposition of the North Sumatra oilfields is currently under study by the government and it seems apparent that efforts to develop these oilfields will require some type of foreign assistance.

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TABLE 1

INDONESIAN FOREIGN TRADE 1951-1955

Values in thousands of dollars

Year	Total to World	TOTAL EXPORTS		Albania	Bulgaria	Czechoslovakia	East Germany	Hungary	Poland	Rumania	USSR	China
		Value	% of Total Value									
Exports												
1951	1,291,736	2,416	0.2	N.R.	N.R.	956	N.R.	—	1,365	N.R.	N.R.	105
1952	907,531	9,817	1.1	N.R.	—	3	N.R.	—	9,787	N.R.	N.R.	27
1953	812,633	4,504	0.5	N.R.	N.R.	134	N.R.	107	4,261	N.R.	N.R.	2
1954	356,024	9,022	1.1	N.R.	N.R.	3,758	N.R.	1,633	631	276	439	2,345
1955	931,415	33,898	3.6	N.R.	N.R.	10,648	N.R.	2,748	12,821	1,446	N.R.	6,235
Imports												
1951	873,135	6,834	0.8	N.R.	N.R.	3,069	N.R.	943	320	N.R.	N.R.	2,502
1952	923,953	5,309	0.6	N.R.	a/	2,707	5	323	331	N.R.	N.R.	1,943
1953	752,970	6,955	0.9	N.R.	N.R.	2,304	N.R.	1,592	312	a/	82	2,129
1954	629,079	19,333	2.4	N.R.	N.R.	7,765	N.R.	2,570	900	N.R.	560	3,537
1955	604,187	40,366	6.6	N.R.	N.R.	N.R.	N.R.	N.R.	N.R.	N.R.	N.R.	N.R.

a/ Less than \$500

Source: Department of Commerce, Bureau of Foreign Commerce, U.

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TABLE 2

INDONESIAN TEXTILE IMPORTS(Quantity in metric tons, except as indicated;
value in thousands of US dollars)Jan-June 1954

<u>Commodity</u>	<u>Total from World</u>		<u>Total from Sino-Soviet Bloc</u>		<u>Percent of Total Value</u>
	<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>	
Raw silken skeins	47	287	15	90	31.4
Silk yarns for weaving	77	412	18	71	17.2
Cotton yarn for weaving					
single, unbleached	4,644	5,871	30	36	0.6
Cotton fabrics, standard					
type (thous. meters)	329,717	74,274	7,274	1,645	2.2
Fabrics of art. text.					
fibers	2,244	5,032	42	134	2.7
TOTAL		85,877		1,976	2.3

Jan-June 1955

<u>Commodity</u>	<u>Total from World</u>		<u>Total from Sino-Soviet Bloc</u>		<u>Percent of Total Value</u>
	<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>	
Silk yarns for weaving	14	71	10	50	70.4
Cotton yarns for weaving,					
single unbleached	4,689	5,825	9	13	0.2
Cotton yarns for weaving,					
twisted, unbleached	1,590	2,747	9	19	0.7
Cotton sewing thread, on					
reels	756	1,560	146	223	14.3
Yarn md. of art. stable					
fibers	4,685	5,455	9	10	0.2
Cotton fabrics, standard					
type, unbleached	3,462	4,199	2,153	2,492	59.3
Cotton fabrics of standard					
type, other	17,242	33,680	3,880	7,804	23.2
Cotton velvet and plush					
clothing material	551	1,525	33	102	6.7
Fabrics of art. text.					
fibers	4,912	9,114	495	1,278	12.9
Tulle, lace, emb. ribbon,					
narrow fabrics of cotton	65	170	5	17	10.0
Text. for indust. use					
(boltings, silk gauze,					
filter cloth trans and					
conveyor belts)	101	262	63	154	58.8
Blankets and coverlets of					
cotton	574	309	62	52	16.8
Misc. text. manu.	1,565	606	8	10	1.7
TOTAL		65,523		12,124	18.5

Source: Same as for Table 1.

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